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Money's to be made in the Linux revolution

The business world is confused when it comes to Linux. The current thinking goes: How can any money be made with a system that is given away?

Similar things were said back in 1993 when awareness started to build about the Internet. It too didn't fit into the mould of a "product" that was owned by a "company." Because of that, many executives believed it would be impossible to make money from it. The smarter ones, though, realized that something big was happening and set out to discover how to become part of the emerging global Internet industry.

Today, few discount the economic impact of the Internet. It has spurred the creation of hundreds of thousands of business opportunities and tens of thousands of new companies. Even the U.S. government acknowledges its huge impact, issuing a study that indicates the Internet is responsible for at least one-third of the economic growth enjoyed by the country in recent times.

Now, many people are eager to discount the potential of Linux to create wealth because it is obtainable for free and isn't owned by a person or company.

I beg to differ: The massive global adoption of Linux under way throughout many sectors of the high-technology community means there's plenty of money to be made, even as its fundamentally free philosophy remains intact.

Where is there money to be made? The stock market, eager to answer the question, has pushed up the price of the only "pure" Linux play — Red Hat Inc. — to an unrealistic and unsustainable height, and the shares of other companies involved with Linux have gained momentum. Although the development of user-friendly versions of Linux will generate some revenue, I doubt the majority of money will be made in this area.

It will occur as the corporate sector adopts Linux with a vengeance. Early examples include Burlington Coat Factory, operator of 263 stores in the United States, which is making Linux the heart of a new inventory system.

Such implementations often involve preconfigured or high-performance computers that use Linux. Many computer vendors have carved out a space in this market. Among the best known is VA Linux Systems (www.varesearch.com), based in



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Sunnyvale, Calif., which was named one of the top 50 U.S. private companies by Red Herring magazine.

And VA isn't going after a small niche market. Silicon Graphics, in a recent reorganization, indicated it intends to be one of the world's leading vendors of high-end Linux systems. That's a bold initiative for a company with sales of almost \$3-billion (U.S.) Such efforts aren't unique, and aren't restricted to big players. Check out the Web site of Calgary-based Computer Planet (www.computer-planet.com) for an example of a smaller organization working this market.

There is also an undeniable market emerging for sophisticated or specialized software that runs on the Linux platform. IBM, Hewlett-Packard, Oracle and others are releasing Linux versions of their high-end database programs.

And you can bet they aren't doing this out of the goodness of their heart. They expect to make money on the sale of such software to the corporate sector, as well as through the support and maintenance contracts. Many smaller companies are developing specialized versions of Linux for specific targets such as the small office/home office market. All of this is sold for a fee.

Watch for a huge boom in the demand for a wide variety of Linux-related skills. There are already signs of a flourishing education, publishing, conference and support industry around the Linux phenomena. The recent LinuxWorld Expo in San Jose, Calif., brought record-shattering attendance for a show on this topic.

Embedded technology — and Linux — is an industry set to explode. And where there's a new industry, there's money to be made.

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